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SUBJECT: G-8 NONPROLIFERATION DIRECTORS GROUP MEETING,  
BERLIN, JANUARY 22, 2007

REF: 06 MOSCOW 12144

¶1. (SBU) Summary: The U.S. delegation, headed by Acting Deputy Assistant Secretary for Nuclear Nonproliferation Policy and Negotiations Andrew Semmel, considers the first meeting of the Nonproliferation Directors Group (NPDG) under Germany's G-8 Presidency a good start and hopes to see it engage in more action items with measurable results. Other G-8 partners wanted to know the status of the U.S.-India Civil Nuclear Cooperation Initiative, and most seem to be warming up to the deal. The partners discussed nuclear fuel cycle issues, with many stressing the need to address the concerns of states currently lacking enrichment or reprocessing technology. The partners essentially agreed on the need for unity in dealing with the DPRK and Iran, but Russia urged that Iran not be isolated. Germany will continue the practice of making G-8 demarches to support the universalization of the IAEA Additional Protocol and UNSCR ¶1540. The next NPDG meeting will take place March 30 in Berlin. End summary.

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Priorities for 2007  
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¶2. (SBU) The German Chair, Ruedieger Luedeking, MFA Deputy Commissioner for Arms Control and Disarmament, began by referring to the priorities in his letter to other NPDG representatives that repeated what he had called for at the last meeting of the Russian presidency in 2006 (see reftel). He also stressed that the 2007 G-8 Summit declaration on nonproliferation should be short and not repetitive. Many others echoed this approach, while France, Japan, Canada, and the UK noted the importance of not diluting a strong message on Iran and the DPRK. Russia said the focus should be on global issues, e.g., the Nuclear Nonproliferation Treaty (NPT), BW, and CW.

¶3. (SBU) Luedeking's question of whether the NPDG should address the issue of the proliferation of small arms and light weapons (SALW) generated little enthusiasm. Most speakers said the focus should remain on WMD, with France arguing the theoretical point that "proliferation" should be reserved for WMD and that to include other issues would dilute its meaning. Russian Delegate Anatolij Antonov said if the subject was discussed, he would have to raise the problem of "illicit production" (Russia's oft-repeated discussion of the unlicensed production of Soviet-era weapons by former Warsaw Pact and Soviet states). The U.S. said the NPDG should focus on the most important subjects and that

SALW was being addressed in other fora. DAS Semmel also urged the NPDG to consider actionable items.

¶4. (SBU) The Chair summarized the discussion as follows:  
-- There was a consensus on drafting a short Summit statement.  
-- The traditional agenda (nuclear weapons, BW, CW, and delivery systems) should be in the forefront.  
-- The Group should take a balanced approach.  
-- The partners should try to do justice to items addressed, such as undertake action items and broaden the consensus on items under consideration.  
-- SALW and conventional weapons would not be a primary focus.

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Nuclear Nonproliferation Treaty (NPT)  
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¶5. (SBU) Japanese Delegate Takeshi Nakane described the intentions of Yukiya Amano, the Japanese Chairman of the first Preparatory Committee (PrepCom) meeting, scheduled for April/May 2007. Amano will try to resolve procedural issues quickly, to pave the way for substantive discussions. Nakane informed the NPDG that Japan will host a seminar in Vienna February 5-6 to prepare for the NPT.

¶6. (SBU) NPDG delegates generally agreed with the desire to solve procedural questions quickly. On the substance, several (e.g., Canada and Italy) cited the importance of all "three pillars" (nonproliferation, disarmament, and peaceful uses) of the NPT regime. Russia suggested the NPDG identify two or three issues as priorities for the first PrepCom. Antonov also proposed starting negotiations on a Fissile Material Cutoff Treaty (FMCT) before the PrepCom and hoped no one would use "events in China" (a reference to the Chinese

anti-satellite test) as an excuse to avoid them. Italy said the NPT Review Committee (RevCom) president should be chosen for his capabilities instead of his regional group. (Note: No one else picked up on this point. End note.)

¶7. (SBU) The Chair,s summary suggested the next meeting should consider how to overcome any obstacles that may arise following Amano,s consultations and the Japanese seminar. Otherwise the Chair drew the following conclusions:

-- Delegates agreed on the need to support Amano,s efforts to solve procedural questions.  
-- The G-8 should take the lead in showing a constructive spirit.  
-- The PrepCom should copy the procedures from previous review cycles; discussions of new rules would allow some to hide behind disagreements to avoid substantive discussions.  
-- All three pillars should be endorsed.  
-- G-8 members might consider other venues and, in particular, decide how to start FMCT negotiations at the Conference on Disarmament (CD).

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Central Asian Nuclear Weapon-Free Zone (CANWFZ) Treaty  
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¶8. (SBU) Luedeking said he added this agenda item to see whether it was possible to put the Treaty into effect, i.e., to persuade the U.S., France, and the UK (P-3) to sign the Treaty's protocol extending security assurances to the Central Asian Five (C-5). He asked whether it could it be done without amending the Treaty, such as by a reservation or a statement made at the signing. Doing so would send a positive signal as the NPT review process was under way, he noted.

¶9. (SBU) All P-3 members said the problems with the CANWFZ Treaty were serious enough not to be solved without an amendment that made it clear that agreements existing at the time of entry into force (in particular, the Tashkent Treaty creating a common defense among the C-5 and Russia) cannot take precedence over the CANWFZ Treaty. France stressed that the CANWFZ Treaty did not in fact create a nuclear

weapon-free zone and that to welcome it as such was to devalue such zones altogether. The U.S. said the P-3 were willing to discuss solutions with the C-5, but confirmed that only a Treaty amendment would solve the problems.

¶10. (SBU) Russia disputed the P-3 analysis of the Treaty and the negotiating record and insisted that any consultations should include Russia. Antonov offered to consult the C-5 and report back on their plans.

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U.S.-India Civil Nuclear Cooperation Initiative  
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¶11. (SBU) The discussion of this agenda item was perhaps the most detailed and valuable of the session. DAS Semmel described the initiative's status and the steps needed to bring it into being. He noted: (1) the U.S. relevant legislation was passed in December 2006, (2) bilateral negotiations on a nuclear cooperation (the 123 agreement) with India had some distance to go, (3) India had not yet completed its talks on safeguards with the IAEA, (4) any such agreement would require the approval of the IAEA Board of Governors, (5) U.S. legislation required the President to certify to the U.S. Congress prior to a vote on the 123 agreement that India had made "substantial progress" with the IAEA on concluding an Additional Protocol, and (6) a consensus decision by the Nuclear Supplier Group (NSG) was needed. He doubted the steps would be completed by the time of the April Nuclear Suppliers Group (NSG) meeting, but suggested that an extraordinary NSG session in the fall could decide to provide an exception for India.

¶12. (SBU) Canada welcomed the Henry J. Hyde United States-India Peaceful Atomic Energy Cooperation Promotion Act, but wanted to ensure that any nuclear cooperation with India did not violate NPT obligations to avoid assisting non-nuclear weapons states to acquire nuclear weapons. Canada said India could be asked to endorse elements of the NPT or to act in conformity with it.

¶13. (SBU) Russia asked whether the U.S. planned to cooperate with India on enrichment, to which DAS Semmel answered no. Russia asked what "substantial progress" toward negotiating an Additional Protocol means (a condition in the Hyde Act for approving a U.S.-India cooperation agreement). DAS Semmel said although progress is in the eye of the beholder, the President needs something that can be certified for Congress. Russia was also concerned that India wanted some form of recognition from Russia during the upcoming Putin visit, claiming the U.S. had referred to India as a "responsible nuclear state." Antonov said Russia would not recognize India as a nuclear weapon state.

¶14. (SBU) Japan noted the Indian Prime Minister was scheduled to visit Japan, during which the two sides would discuss a framework for cooperation. Japan would examine any agreement in light of its impact on the NPT regime.

¶15. (SBU) France and the UK both emphasized the need for the right safeguards agreement between India and the IAEA. The UK has said this repeatedly to India. Italy would be more confident about the deal if India had more concretely committed to FMCT negotiations and had agreed to ratify the Comprehensive Test Ban Treaty (CTBT).

¶16. (SBU) DAS Semmel noted that until the IAEA Board of Governors approves a safeguards agreement, the other steps could not be taken. He stressed that the Hyde Act is the law of the land, but the President had issued a signing statement, giving himself some flexibility in implementing it, which is not an unusual step. Regarding the Russian comment, he stressed that the U.S. does not regard India as a nuclear weapon state and has told India that. DAS Semmel also made clear that if India detonates a nuclear explosive device, U.S. law requires that cooperation stop and nuclear material and equipment supplied under the 123 agreement be

returned.

¶17. (SBU) In response to a Canadian question about whether other states had begun to negotiate bilateral nuclear agreements, the Russian delegate said Russia was discussing an agreement to expand the nuclear cooperation that it already had with India. The UK said agreement within the NSG would be sufficient; there would be no need for a separate UK-India agreement. France would seek an agreement with India, but IAEA safeguards were a prerequisite. On the other hand, France did not need new legislation to engage in cooperation.

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Other Nuclear Suppliers Group Issues  
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¶18. (SBU) The Group also discussed the status of nations that adhere to NSG Guidelines but are not NSG members and also the transfer of sensitive technologies. For the first issue, Germany noted the need for continued discussion of the modalities for association with the NSG. Luedeking expressed concerns that bringing India too close to the NSG could support India's desire to be recognized as a nuclear weapon state. Russia asked the Chair to clarify the difference between Germany's March proposal on NSG association/membership and the earlier Russian proposal. Antonov suggested that Germany and Russia combine their suggestions into a joint proposal. Antonov also commented that India would not accept anything less than full-fledged membership. Japan pointed out that by the terms of various UNSC resolutions, all UN members had to adhere to NSG guidelines vis--vis Iran and the DPRK.

¶19. (SBU) Summarizing the brief discussion, Luedeking said:

-- NSG members should take great care in moving forward on this issue and that there was no rush,  
-- that previous Russian suggestions should be reconsidered,  
-- basic concerns over passing information on denial notifications to non-members and the question of NPT status as a criterion for association with the NSG still need to be addressed.

¶20. (SBU) Concerning the transfer of sensitive nuclear technologies, Canada said it was no longer comfortable with

the "rolling moratorium" on the transfer of sensitive technologies because it did not account for the good non-proliferation record of states that could be potential recipients of transfers. Canada advocated that the NSG agree on criteria that would allow providers of sensitive technology to distinguish between states, and until the NSG agrees on such criteria, Canada cannot accept a continuation of the moratorium. Canada noted that it is simply not honest to continue saying in G-8 summit statements that progress is being made in reaching agreement on the criteria-based approach in the NSG. The UK agreed very strongly with this approach and hoped the NPDG could help move the NSG toward agreement.

¶21. (SBU) In response to questions from the Chair and Japan, DAS Semmel said the subject was under active discussion in the U.S., but the U.S. position continues to be that no state should supply sensitive nuclear technology to any state that now lacks nuclear enrichment and reprocessing capabilities.

¶22. (SBU) The Chair requested the U.S. to reconsider before the next NSG plenary, noting that another statement supporting a continuation of the moratorium was not acceptable to many G-8 members.

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The DPRK  
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¶23. (SBU) Nakane introduced the subject, stating that there were good prospects for another round of the Six-Party Talks,

which Japan considered the best way to resolve the issue. Japan hoped that the DPRK would come with a more positive attitude but also thought it useful to apply pressure on the DPRK by implementing UNSC Resolution 1718. He noted that only a few states have reported on their implementation of 1718 to the UN Sanctions Committee. DAS Semmel reported on the positive statements following Assistant Secretary Hill's meetings in Berlin and said that a resumption of the talks was possible in February.

¶24. (SBU) The Chair supported the call for implementation of UNSCR 1718 and noted that the EU was taking the necessary steps for this.

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Iran  
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¶25. (SBU) After some introductory remarks by the Chair, who said that the unity of the "P-3 plus 3" was important in getting UNSCR 1737 approved, DAS Semmel said that UNSCR 1737 represented the single most important nonproliferation issue and that much was at stake in its implementation, such as the credibility of the IAEA and the UN Security Council. The sanctions had to be targeted, multilateral, and enforced; Iran needs to know it stands alone. But if it were concluded that the UNSC resolution route had run its course, the G-8 partners must consider steps outside the Council, such as financial measures.

¶26. (SBU) France, Japan, and Canada all called for implementation of 1737, and France asserted that the unity behind it may be causing Iran to change its position. Russia called 1737 a serious signal to Iran but argued against isolating Iran. Antonov expressed surprise that the day after passage of UNSCR 1737, a G-8 state had introduced sanctions "against Russia." Doing so meant Russia had created the legal basis for sanctioning itself. He questioned the unity of the six under these circumstances (Note: He was clearly referring to U.S. unilateral sanctions imposed on Russian entities in late December. End note).

¶27. (SBU) Luedeking summarized the discussion as follows:

-- The six were committed to UNSCR 1737,  
-- The six were prepared to suspend the measures if Iran suspended enrichment and negotiations followed,  
-- The six need to be credible, which means implementation of UNSCR 1737,  
-- The G-8 partners hoped the process was not coming to the end of the line in the UNSC,  
-- Many shared the concern that Iran was not complying with the resolution.

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Multilateral Approaches to the Nuclear Fuel Cycle  
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¶28. (SBU) Luedeking said that despite all the attention given to developing multilateral approaches to the nuclear fuel cycle, the Non-Aligned Movement (NAM) had shown little interest, seeing them all as restrictions. Canada also raised questions about these approaches, wondering if it was not a solution in search of a problem. The various proposals, he pointed out, were designed to solve the "Iran problem," but he was not sure a global problem existed.

¶29. (SBU) France believed the reason for the lack of response was that the nuclear suppliers did not really have a product to sell. The next step might be for the IAEA to look at the proposals and determine which made sense. He agreed with Canada that there might not be a supply problem, but there was a political problem, and the developed countries had to show they were not creating a one-sided embargo. The UK and Russia also said there was a need to engage with the recipient countries, while the U.S. said there were reasons why states had made all these proposals: the expansion of the

nuclear industry, the projected growth in global energy needs, nonproliferation concerns, environmental concerns, and concerns over waste.

¶30. (SBU) The Chair summarized the Group's conclusions:

- Acceptance by recipients was a key point,
- The supplier countries needed to be seen as addressing the issue,
- The IAEA could play a key role.

¶31. (SBU) Luedeking also referred to the paper he had circulated before the meeting and which suggested several criteria by which proposals could be evaluated: proliferation resistance, assurance of supply, legitimacy, and market compatibility (to which several delegates had added feasibility). He asked for comments on the paper by March 15 and said that at some point "perhaps at the G8 Summit" it would be useful to make a common statement about this subject.

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Universalization Issues: Additional Protocol and UNSCR 1540  
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¶31. (SBU) As time was running out, the Group did not discuss these issues. The Chair circulated papers containing points to be used in demarches on both issues and asked for any comments by February 9. If none is received, the Germans will proceed. Luedeking also said the group might consider coordinating assistance to states in carrying out the requirements of UNSCR 1540 and noted that the EU is very active in this area.

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BW and the Global Initiative to Combat Nuclear Terrorism  
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¶32. (SBU) These items were skipped, but the Chair called attention to a G-8 Forensic Epidemiology Workshop to be held in London, March 13-15. He also pointed out that the EU and the European Commission had a major role in nuclear energy and therefore should be represented in the Global Initiative.

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Other Business/Next Meeting  
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¶33. (SBU) The U.S. called attention to the growing and anticipated burdens the IAEA will face, as many new demands for safeguards will arise in the next few years. He suggested that the G-8 consider how to meet this concern.

¶34. (SBU) The Chair promised a short agenda for the next meeting and cancelled the meeting scheduled for February. Thus the next meeting will take place March 30 in Berlin.  
TIMKEN JR